



# GENERAL ASSEMBLY COMMONWEALTH OF KENTUCKY

## 2005 REGULAR SESSION

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HOUSE BILL NO. 128

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FRIDAY, FEBRUARY 25, 2005

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The following bill was reported to the Senate from the House and ordered to be printed.

RECEIVED AND FILED  
DATE March 11, 2005  
10:18 a.m.  
TREY GRAYSON  
SECRETARY OF STATE  
COMMONWEALTH OF KENTUCKY  
BY Harlie Adkins

AN ACT relating to sales and use taxes.

***Be it enacted by the General Assembly of the Commonwealth of Kentucky:***

1 Section 1. KRS 139.495 is amended to read as follows:

2 The taxes imposed by this chapter shall apply to resident, nonprofit educational,  
3 charitable, and religious institutions which have qualified for exemption from income  
4 taxation under Section 501(c)(3) of the Internal Revenue Code as follows:

5 (1) Tax does not apply to sales of tangible personal property or services to such  
6 institutions provided the property or service is to be used solely within the  
7 educational, charitable, or religious function.

8 (2) Tax does not apply to sales of food to students in school cafeterias or lunchrooms.

9 (3) Tax does not apply to sales by school bookstores of textbooks, workbooks, and  
10 other course materials.

11 (4) Tax does not apply to sales by nonprofit, school sponsored clubs and organizations,  
12 provided such sales do not include tickets for athletic events.

13 (5) **An institution shall be entitled to a refund equal to twenty-five percent (25%) of**  
14 **the tax collected on its sale of donated goods if the refund is used exclusively as**  
15 **reimbursement for capital construction costs of additional retail locations in this**  
16 **state, provided the institution:**

17 **(a) Routinely sells donated items;**

18 **(b) Provides job training and employment to individuals with workplace**  
19 **disadvantages and disabilities;**

20 **(c) Spends at least seventy-five percent (75%) of its annual revenue on job**  
21 **training, job placement, or other related community services;**

22 **(d) Submits a refund application to the cabinet within sixty (60) days after the**  
23 **new retail location opens for business; and**

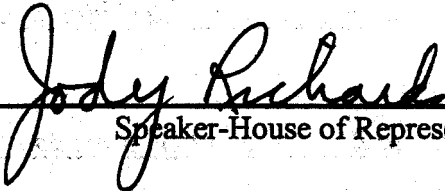
24 **(e) Provides records of capital construction costs for the new retail location and**  
25 **any other information the cabinet deems necessary to process the refund.**

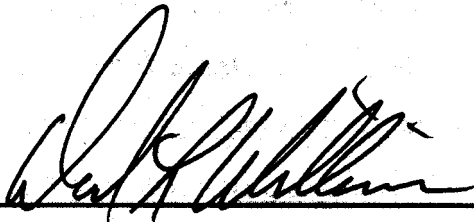
1 The maximum refund allowed for any location shall not exceed one million  
2 dollars (\$1,000,000). As used in this subsection, "capital construction cost"  
3 means the cost of construction of any new facilities or the purchase and  
4 renovation of any existing facilities, but does not include the cost of real property  
5 other than real property designated as a brownfield site as defined in KRS  
6 65.680(4).

7 (6) Notwithstanding any other provision of law to the contrary, refunds under  
8 subsection (5) of this section shall be made directly to the institution. Interest  
9 shall not be allowed or paid on the refund. The cabinet may examine any refund  
10 within four (4) years from the date the refund application is received. Any  
11 overpayment shall be subject to the interest provisions of KRS 131.183 and the  
12 penalty provisions of KRS 131.180.

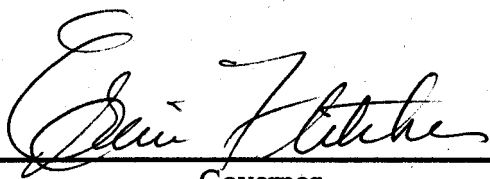
13 (7) All other sales made by nonprofit educational, charitable, and religious institutions  
14 are taxable and the tax may be passed on to the customer as provided in KRS  
15 139.210.

16 Section 2. This Act takes effect August 1, 2005.

  
Speaker-House of Representatives

  
President of the Senate

Attest:   
Chief Clerk of House of Representatives

Approved   
Governor

Date 